

Instructions to File Consolidated Returns for Taxable Years Beginning on or after January 1, 2003 (rev. 12/03)

Regulation 560-7-3-.13 was adopted during 2002 and applies to taxable years beginning on or after January 1, 2002. **The instructions below are intended to insure that the returns process correctly, not to provide all of the rules that relate to consolidated returns.** Accordingly, you should read Regulation 560-7-3-.13 in addition to these instructions before completing your returns.

Mailing Address of the Return

The consolidated group Form 600 and each separate company Form 600 should be mailed together to the following address:

Georgia Income Tax Division
P.O. Box 49432
Atlanta, GA 30359-1432

Designation of Member

As is mentioned on the Form IT-CONSOL, if the parent corporation is not included in the Georgia Group, please choose a corporation in the Georgia Group to act as the designated member. Please use the same corporation that you chose on the Form IT-CONSOL.

Preparation of the Separate Company Form 600's.

- (a) Each corporation within the Georgia consolidated group, including the parent corporation (designated member), will prepare a separate company Georgia Form 600. The corporation will reflect its name, federal identification number, address, etc. in the heading of the return and mark the consolidated box on the return. This means that two returns will be prepared that have the parent's (designated member's) name and Federal identification number. One for the parent's (designated member's) separate company income and one for the consolidated group.
- (b) The corporation will begin on Line 1 of Schedule 1 with its separate company federal taxable income or loss as if it had filed a separate return for federal purposes and will make the appropriate additions to or subtractions from taxable income on Lines 2 and 4 of that schedule.
- (c) If the corporation qualifies to apportion, (e.g. if it does business or owns property outside of Georgia) it will complete Schedule 6 and Schedule 7 to determine the amount of separate company Georgia taxable income or loss.
- (d) If the corporation has a Georgia separate return limitation year loss, or "GSRLY", that loss would be reflected on either Line 6 of Schedule 1 if the corporation is not entitled to apportion, or Line 8 of Schedule 7 if the corporation is entitled to apportion.
- (e) The separate company income or loss should then be reflected on Line 7 of Schedule 1. This would be the amount from Line 9 of Schedule 7 (if the corporation qualifies to apportion) or would be Line 5 less Line 6 of Schedule 1.
- (f) On Line 8 of Schedule 1, the phrase "consolidated return" should be entered in the box where the income tax amount is usually entered. To the left of this box, the parent corporation's (designated member's) name and Federal identification number should be entered.

- (g) Corporations that file a consolidated Georgia income tax return are required to report and pay the net worth tax on a separate company basis. Accordingly, each corporation (except the parent corporation (designated member), see below for instructions) should complete Schedule 2 on the separate company Form 600. On the separate company Form 600 for the parent (designated member), the phrase “see consolidated group return” should be entered on Line 7 of Schedule 2.
- (h) Georgia credit forms should be attached to each separate company Form 600 and Schedule 9 of the separate company Form 600 should be completed if the corporation has tax credits. However, the amount from Line 6 of Schedule 9 should not be entered on Line 3, Column C of Schedule 3. This should be entered on the schedule discussed below in item (g) of the “Preparation of the Consolidated Group Form 600” section. Additionally, a schedule should be attached which shows the amount of the credit allowed for each separate company after considering limitations based on a percentage of income. The total from this schedule should be entered on the schedule discussed below in item (g) of the “Preparation of the Consolidated Group Form 600” section. Schedule 10 of the separate company Form 600 should be completed if applicable.
- (i) Column B and Column C on Schedule 3 of each separate company Form 600 (except the parent corporation (designated member)) should be completed. The amount listed on Line 2, Column C of the Schedule 3 should be the amount allocated to the corporation as listed on the payment transfer schedule (see page 2).

Preparation of the Consolidated Group Form 600

- (a) For each consolidated group, a consolidated group Form 600 must be completed. The parent’s (designated member’s) name, federal identification number, address, etc. should be listed on the consolidated group Form 600. Additionally, the consolidated box on the return should be checked.
- (b) Lines 1 through 4 of schedule 1 of the consolidated group Form 600 should be left blank. Additionally, Schedule 4, Schedule 5, Schedule 6 and Schedule 7 of the consolidated group Form 600 should not be completed.
- (c) The separate company income or loss of each corporation in the Georgia consolidated group, as reflected on the separate company Form 600’s (Line 7 of Schedule 1), should be consolidated on the consolidated group Form 600 and reflected on Line 5 of Schedule 1 of that form. A schedule should be attached to the consolidated group Form 600 which indicates the name, federal identification number, and separate company income or loss for each corporation.
- (d) Any consolidated Georgia net operating loss should be deducted on Line 6 of Schedule 1 to arrive at the consolidated group’s Georgia taxable income or loss on Line 7, and the consolidated group’s income tax, if appropriate, on Line 8.
- (e) The net worth tax for only the parent corporation (designated member) should be computed on Schedule 2 of the consolidated group’s Form 600. The amount computed on Line 7 of the Schedule 2 should be entered on Line 1, Column B of Schedule 3.
- (f) Column A, B, and C on Schedule 3 of the consolidated group Form 600 should be completed (Column B should only list the parent’s (designated member’s) net worth tax). The amount listed on Line 2, Column C of the Schedule 3 should be the amount allocated to the corporation as listed on the payment transfer schedule (see below).
- (g) The total credits from Line 6, Schedule 9 of each separate company Form 600 should be entered on a schedule which is attached to the consolidated group Form 600. The schedule should show for each corporation: 1) name; 2) federal identification number; 3) the total amount of the credit from Line 6 of Schedule 9; and 4) the amount of the credit

allowed for each separate company after considering limitations based on a percentage of income. The total allowed credits should then be totaled and this amount should be entered on Line 3, Column C of Schedule 3. Schedule 9 and Schedule 10 of the consolidated group Form 600 should not be completed.

- (h) The approval letter should be placed on top of the consolidated application (Form IT-Consol) and these should be attached to the front of the consolidated group Form 600.

Preparation of the Payment Transfer Schedule

A payment transfer schedule **must** be attached to each separate company Form 600 and to the consolidated group's Form 600. The first part of the payment transfer schedule should show the name, federal identification number and amount paid by each corporation making payments. The second part of the payment transfer schedule should show the name, federal identification number, and amount of payment that is allocated to each corporation.

Example of the Payment Transfer Schedule

Corporations making payments

Parent Corp. (designated member) 58-0000000	\$10,000
Subsidiary Corp. 58-1111111	<u>\$ 5,000</u>
Total payments	\$15,000

Allocation of payments

Parent Corp. (designated member) consolidated group return 58-0000000	\$14,500
Subsidiary Corp. 58-1111111	<u>\$ 500</u>
Total allocation of payments	\$15,000

Additional questions

If you have additional questions with respect to these instructions, please call (404) 417-2409.